GOVERNMENT OF INDIA
EXTERNAL AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:1129
ANSWERED ON:02.03.2016
Indo-Iran Ties
Chandrappa Shri B.N.;Kateel Shri Nalin Kumar;Rao (Avnthi) Shri Muthamsetti Srinivasa;Shanavas Shri M. I.;Suresh Shri Doddaalahalli Kempegowda

Will the Minister of EXTERNAL AFFAIRS be pleased to state:

Will the Minister of EXTERNAL AFFAIRS be pleased to state:

(a) whether the Government has taken any action to improve trade relations with Iran in the backdrop of lifting International sanctions;

(b) if so, the details thereof;

(c) whether the Government has reactivated Iranian accounts existing in various Indian banks and also plan to allow Iranian banks to open Branches/subsidiaries in India;

(d) if so, the details thereof; and

(e) the various steps taken/proposed to be taken to improve bilateral relations with Iran?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF EXTERNAL AFFAIRS
[GEN. (DR) V. K. SINGH (RETD)]

(a) to (e) India welcomed the announcement of lifting of nuclear-related sanctions against Iran in January 2016. External Affairs Minister, in a letter to her Iranian counterpart, stated that the milestone represented triumph of diplomacy and signalled a new chapter of peace, progress and prosperity for Iran and our region opening up vast opportunities for our two countries to expand their ongoing mutually beneficial cooperation in a number of spheres including energy infrastructure and regional connectivity. Number of steps in this regard were also discussed during the Foreign Office Consultations led by the Foreign Secretary on the Indian side and Deputy Minister for Asia and Pacific, Ministry of Foreign Affairs on the Iranian side on 4 February 2016 in New Delhi. A contract between Indian Special Purpose Vehicle and Arya Bander of Iran for development of Chahbahar Port has been finalised. Government approved Credit of USD 150 million to Iran for development of Chahbahar Port. Requisite credit by EXIM Bank for beginning supply of 2.5 lakh tonne of steel rails under contracts negotiated by State Trading Corporation (STC) was also approved in January 2016. Indian oil companies are in negotiation with their Iranian counterparts for investment in Farzad B upstream project. Negotiations on an Agreement on India-Iran-Afghanistan Trilateral Transit Corridor have made progress and the next meeting of Experts to finalise the clauses will be held in India shortly.

Iranian banks' accounts in India will be activated once Reserve Bank of India reinstates Iran under the Asian Clearance Union (ACU) mechanism. RBI has sought the concurrence of Department of Economic Affairs, Ministry of Finance for reinstating Iran under the ACU. Also, requests of Iranian banks regarding reactivating their accounts existing in various Indian banks and opening branches in India are under consideration of Government/ Reserve Bank of India.

The meeting between Prime Minister and President of Iran Dr Hassan Rouhani in Ufa, Russia on 9 July 2015 on the margins of the SCO Summit provided a roadmap for developing India-Iran bilateral relations and consulting closely on regional issues. This meeting was followed by the visit of Minister of Foreign Affairs of Iran in August 2015, which built on the momentum generated at Ufa. External Affairs Minister co-chaired Joint Commission Meeting with Minister of Economy and Finance of Iran on 28 December 2015 in New Delhi. In the Joint Commission Meeting, which was preceded by meetings of Joint Working Groups on Trade, Infrastructure and Energy, several decisions to strengthen bilateral economic cooperation were taken. These decisions pertain to India's involvement in the Chahbahar port development and exploration of natural gas in Farzad B field etc.